

Testimony of
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Mr. Chairman, Members of the Subcommittee, it is both an honor and a privilege to have the opportunity to appear before the Subcommittee on the Western Hemisphere of the House International Relations Committee.

The United States remains Haiti's largest assistance donor. In the last three years, from 2004-2006, the United States Government budget in Haiti was over \$600 million dollars. USAID managed nearly \$440 million of these resources to help the Haitian government restore and sustain a climate of peace and security, revitalize its tattered economy, provide essential social services and improve conditions for democratic processes to take place, including free and fair elections held in 2006. In 2006, a USG contribution of \$198.8 million will support the newly elected Government of Haiti. USAID is managing \$156.6 million of these resources.

The reestablishment of constitutional government in Haiti earlier this year marks a turning point for Haiti's development prospects. Since taking office, President Preval has made it clear that Haiti should be well governed and responsive to the needs of its people. Prime Minister Alexis, in a speech to Parliament, outlined development priorities for Haiti: first, strengthening

governance and service delivery institutions at both national and local levels; second, establishing the conditions for economic growth and encouraging investment; and third, providing basic services to communities around the country. These priorities are USAID's priorities. Over the coming years we will help the democratically elected government address the country's challenges through both immediate, high impact programs for Haiti's most vulnerable citizens, and longer term programs that lay the foundation for a sustained turnaround in Haiti's fortunes.

Stability and Security

I would like to echo Assistant Secretary Shannon's concern that continued insecurity poses the most significant challenge to Haiti's development. The current security climate threatens the stability of the country, and Haiti requires stability to progress. That said, where security permits, USAID will expand stabilization programs to bring lasting change to the most volatile and desperate areas of Haiti.

Our strategy aims to reduce political tensions and violence in these areas by undertaking quick, visible projects that constructively engage local residents, especially youth. The focus is on empowering peaceful civic groups to work with local authorities to play a lead role in moving the community beyond conflict. The intention is to provide young Haitians with services, vocational training and employment opportunities. This will help alleviate the desperate and pervasive poverty of urban "hot spots" while at the same time demonstrating to young people that there are clear alternatives to violence and crime.

Since 2004 we have provided over 600 small grants in conflict prone, gang ridden areas of Port-au-Prince, Cap Haitien, St. Marc, Petit Goave, and Les Cayes, valued at over \$13.0 million. This included more than 330 grants for almost \$7.4 million in the Port au Prince slums of Cite Soleil, Bel Air, and Martissant. Activities have included roads and pedestrian walkways, canal cleaning, public lighting, market rehabilitation, and restoration of sports fields and community centers. More than 300,000 days of short term employment were created in these areas since 2004. These types of activities will continue.

Over the long term, Haiti's urban slums can only be transformed through sustained economic opportunities and demonstration by the government that

it is working to improve living conditions. USAID/Haiti's flagship community stabilization program is the new Jobs, Opportunities, and Re-Building Structures (JOBS) program. This program is designed to finance labor intensive public works in conflict-vulnerable urban and peri-urban areas of Haiti and to increase wage employment, skills, and opportunities for vulnerable populations in these areas. The JOBS program will actively engage citizen participation with local government officials in activity selection, implementation, and monitoring.

The JOBS program has generated intense interest within Haiti from local civic, government and private sector organizations; various line Ministries; and senior leadership within the Préval administration. The program will demonstrate and strengthen the Préval administration's commitment to remove some of the causes of conflict while stimulating more employment.

Democracy Building

In terms of building democracy, we are at a turning point in Haiti's history. Working to reinforce the institutions of a democracy will be critical over the next two to three years. USAID plans to target our resources to facilitate lasting improvements in key sectors of the government that will enhance government legitimacy and effectiveness.

Haiti's first priority will be to complete the 2006 elections cycle. USAID supported the transition to an elected, constitutional government through assistance to the electoral process, political party strengthening, and media support. Haiti must still hold municipal and local elections and the second round Parliamentary elections. The United States expects the Government of Haiti to hold remaining elections early this winter. These elections will fill the remaining 17 seats in Parliament, elect the 140 mayors, and establish local government bodies. We have just provided \$4 million towards the costs of these elections.

The local elections process is vital for many reasons, including the indirect election of Municipal Assemblies, which choose local legal officials, judges, and members of the Permanent Electoral Council. This decentralizes executive authority, increasing transparency and independence of these institutions. Following the municipal and local elections, USAID plans to strengthen the capacity of local government institutions to deliver services with citizen input through a program of technical assistance and training.

Representative local governments with the authorities and tools necessary to provide essential services will ensure responsiveness to citizens at the local level.

We have just begun a program of support to the new Haitian legislature. This multi-year effort will help Haiti's new legislators to reach out to citizens and function effectively. USAID assistance will include training and advice on such topics as the roles and functions of Members of Parliament and their staff; rules and procedures; constituent outreach and relations; and accountability and transparency.

Another priority for U.S. assistance in this sector is judicial reform. USAID aims to help Haiti build a justice system that is effective, independent, and impartial. Since 2004, USAID has trained over 800 judges, prosecutors, and court clerks. A pre-trial detention program provided legal assistance to detainees, including 208 correctional cases discharged by a Port au Prince court and 700 priority cases identified for follow-up action. USAID will continue to help Haiti strengthen the capacity of courts, public defenders and prosecutors' offices, and the newly created Judicial Council, and continue efforts to reduce pre-trial detention. Our program will also help to update laws and judicial procedures; improve case management; rehabilitate deteriorated courts and judicial facilities; expand legal services; and improve legal education.

Finally, USAID will continue to provide assistance to victims of organized violence through training of human rights organizations, advocacy campaigns, and the documentation of abuses. USAID will build upon partnerships with multilateral, international, and civil society organizations, and local communities to combat trafficking in persons, including children in domestic servitude. Support will continue for a cross-border program in partnership with the Dominican Republic, which focuses on improving the conditions of Haitian children victimized across the border.

The Economy and Institution-Building

Haiti is the poorest country in the Western Hemisphere. The per capita annual income is less than \$400 and 80% of the population lives in poverty. Unemployment and underemployment remain major problems; more than two thirds of the labor force do not have formal jobs.

The Preval administration is wrestling with an economy still affected by the political upheavals of the past two decades, with a much-reduced manufacturing sector, and little external investment. Compounding the economic downturn caused by the political crises, an active hurricane season in 2004 destroyed entire communities, leaving thousands homeless, the local economies in shambles, and the government with little resources to respond.

On a positive note, since 2004 there has been significant improvement in the macroeconomic situation. USAID-funded assistance helped the Ministry of Finance establish transparent budgets, meet IMF criteria for loan financing to meet budget shortfalls, and put in place a basic economic policy framework. These advances have enabled the Preval administration to begin on a positive economic footing.

These recent economic advances must be continued and economic reforms broadened to build the foundation for lasting economic growth. President Preval's economic team is committed to continuing the interim government's strong fiscal discipline, but still faces challenging budget gaps. And despite recent gains, many essential Haitian government institutions are weak and need external assistance capacity to perform essential functions.

The Préval administration has asked the USG for expertise to help Haiti implement reforms. We will call upon Haitian Americans to play a central role in providing expertise to the government. In addition to continuing our support in the area of economic governance and fiscal reform, USAID will provide advisors to work on reforms in such areas as management efficiency, transparency and anti-corruption, procurement integrity, port security, and trade and investment friendly policies. With USAID assistance, Haiti has just opened an Investment Facilitation Center. To help address the budget gap, this year, we are providing \$7 million to help cover the government's cost in meeting social priorities such as providing school textbooks. We, along with other donors, will continue to assist the national disaster preparedness unit build its capacity to respond to natural disasters.

To help Haiti address its economic and institutional development needs over the long term, we will provide scholarships for Haitian students to study in the U.S. and encourage partnerships between Haitian and U.S. institutions of higher learning.

Economic Opportunities and the Environment

Lack of economic opportunity is a key driver of instability in Haiti. Over the coming years, USAID will continue activities to promote economic growth in Haiti by assisting small agricultural producers to increase their productivity and incomes, and by broadening the availability of business and financial services to artisans, small businesses, microentrepreneurs, and the larger productive sector.

In recent years, USAID has helped small-scale farmers improve their productivity and increase their income, while protecting the environment. For example, with USAID assistance, mango growers identified a new market for organic mangos and shipped 6,000 lbs to US buyers. Coffee farmers shipped three containers of Haitian Bleu and Fair Trade coffee to the U.S., Europe, and Japan. Farmers have planted more than 42,000 grafted citrus and mango trees and another 1.5 million forest trees. USAID has helped to strengthen 18 micro-finance institution and 20 credit unions; their combined loan portfolio now exceeds 100,000 clients.

USAID will continue to develop strong and sustainable microfinance institutions to service Haitian microentrepreneurs by assisting these institutions to apply internationally accepted best practices in microfinance lending. We will also broaden technical assistance to both agricultural and non-agricultural sectors, such as handicraft production, where there is export potential.

This year we intend to initiate new environmental activities as part of a national strategy to reduce the ongoing degradation of Haiti's natural resource base, expand livelihood options, and reduce population vulnerability. We have just completed a major assessment of Environmental Vulnerability in Haiti and are reviewing its findings and recommendations as the basis for this new strategy. We are looking at such areas as better management of critical watersheds and sustainable natural resource management. We are also exploring new ways to further improve rural livelihoods, including production and marketing of high value crops using a market-driven approach. The activity would involve strong collaboration with the Ministries of Environment and Agriculture, other donors, and, very importantly, the private sector. This will be USAID's most important and significant intervention in the environment.

Health and Welfare of the Haitian People

Haiti's health indicators are the worst in the Western Hemisphere, with roughly 523 women dying in childbirth per year per every 100,000 live births. Sentinel surveillance data from 2003 indicate nationwide HIV prevalence among women attending antenatal clinics has declined over the past 10 years to roughly 3.4%, but this is still high. Under-five and infant mortality have also declined since the 1990s, but 80 of 1,000 children still do not live to their first birthday, largely as a result of vaccine-preventable diseases and other basic health and hygiene factors.

With an adult literacy rate of 52% and a primary school enrollment rate of 65%, education remains a key obstacle to economic and social advancement in Haiti. Less than 30% of the children who enter primary school will complete 6th grade. Nearly 90% of the 12,000 Haitian primary schools are run by the private sector, including schools managed by religious organizations.

The need to improve Haiti's dismal social indicators is paralleled by the imperative to help the new government provide visible, high value services to the poor. USAID and its implementing partners will help the government improve their management and oversight of health and education services both at national and at decentralized, departmental levels. We are actively supporting Haitian and Haitian-American NGOs working in the education and health sectors.

Through a USAID-funded network of health service providers, 40% of Haitians have access to a basic health care package that includes: child immunization; respiratory infection detection and treatment; immunizations for pregnant women; nutrition, food supplementation, and growth monitoring; natural and modern family planning methods; maternal health care; prevention and treatment of HIV/AIDS (including mother-to-child transmission prevention) and other sexually transmitted diseases; tuberculosis detection and treatment; reinforcement of policy norms and procedures; health information systems; and advocacy. We will continue to support this network over the next few years, and work to expand it to underserved urban slums.

USAID assists the Ministry of Health and non-governmental organizations to support persons affected by HIV/AIDS. Over 125,000 persons have been

tested for HIV; 45,000 people are receiving basic care and support; and nearly 9,000 people are receiving anti-retroviral treatment. This program will continue.

USAID/Haiti education programs focus on improving the quality of primary education, promoting parental involvement in local schools, and strengthening the institutional capacities of Haitian non-governmental organizations active in the sector. U.S. Government-funded programs are improving education at 450 primary schools; 150,000 children and youth have benefited from education programs. Activities aim to improve local school-support organizations, reduce grade repetition, and enhance learning. USAID is helping the Ministry of Education to strengthen its capacity to regulate and license 11,000 non-public schools. We implement programs that offer children in the poorest neighborhoods help with tuition payments, provision of books, and other school fees. We will continue these types of programs. We are also planning a non-formal education program for out-of-school youth emphasizing literacy, numeracy, life skills, and workforce behavior and attitudes, and will emphasize education opportunities for young children in the urban slums.

USAID directs food assistance to the most vulnerable. USAID provides approximately 18,750 tons of food assistance to over 150,000 pregnant and lactating mothers; 100,000 children under the age of two; and 65,000 primary school children annually. This program will continue.

Conclusion

Mr. Chairman, Members of the Committee, the installation of the Préal administration marks the resumption of constitutional governance in Haiti. In Haiti today there is a climate of hope, where sustained progress is within our grasp. We cannot underestimate the challenges involved in achieving stability and a permanent economic turnaround. It will take time and patience, and sustained USG assistance. USAID will approach Haiti's development with a strategy that responds to evolving political, social, and economic realities.

Mr. Chairman, this concludes my statement. I welcome any questions that you and other Members of the Subcommittee may have. Thank you.